

House Study Bill 639 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SANDS)

A BILL FOR

1 An Act relating to Iowa's urban renewal law by modifying
2 requirements for the annual report prepared by the
3 legislative services agency, establishing restrictions on
4 the use of divided revenues, modifying the conditions for
5 establishing certain urban renewal areas, imposing duration
6 limits on certain urban renewal areas, and including
7 effective date provisions.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 331.403, subsection 3, paragraph d, Code
2 2016, is amended to read as follows:

3 d. The legislative services agency, in consultation with
4 the department of management, shall annually prepare a report
5 for submission to the governor and the general assembly that
6 summarizes and analyzes the information contained in the
7 reports submitted under this subsection, section 357H.9,
8 subsection 2, and section 384.22, subsection 2. The report
9 shall contain a list of each county, city, or rural improvement
10 zone that filed an annual report for the most recently ended
11 fiscal year and each such entity's amount reported under
12 paragraph "b", subparagraph (8), for counties and rural
13 improvement zones, or section 384.22, subsection 2, paragraph
14 "b", subparagraph (8), for cities. The report prepared by the
15 legislative services agency shall be submitted not later than
16 February 15 following the most recently ended fiscal year for
17 which the reports were filed.

18 Sec. 2. Section 403.5, subsection 2, paragraph b,
19 subparagraph (1), Code 2016, is amended to read as follows:

20 (1) Prior to its approval of an urban renewal plan which
21 provides for a division of revenue pursuant to section 403.19,
22 the municipality shall mail the proposed plan by regular mail
23 to the affected taxing entities. The municipality shall
24 include with the proposed plan notification of a consultation
25 to be held between the municipality and affected taxing
26 entities prior to the public hearing on the urban renewal plan.
27 If the proposed urban renewal plan or proposed urban renewal
28 project within the urban renewal area, which plan or project
29 is approved prior to the effective date of this Act, includes
30 the use of ~~taxes~~ revenue resulting from a division of ~~revenue~~
31 taxes under section 403.19 for a public building, including but
32 not limited to a police station, fire station, administration
33 building, swimming pool, hospital, library, recreational
34 building, city hall, or other public building that is exempt
35 from taxation, including the grounds of, and the erection,

1 equipment, remodeling, maintenance, repair, or reconstruction
2 of, and additions or extensions to, such a building, the
3 municipality shall include with the proposed plan notification
4 an analysis of alternative development options and funding for
5 the urban renewal area or urban renewal project and the reasons
6 such options would be less feasible than the proposed urban
7 renewal plan or proposed urban renewal project. A copy of
8 the analysis required in this subparagraph shall be included
9 with the urban renewal report required under section 331.403
10 or 384.22, as applicable, and filed by December 1 following
11 adoption of the urban renewal plan or project. Urban renewal
12 plans and urban renewal projects approved on or after the
13 effective date of this Act shall not include the use of revenue
14 resulting from a division of taxes under section 403.19 for a
15 public building, including but not limited to a police station,
16 fire station, administration building, swimming pool, hospital,
17 library, recreational building, city hall, or other public
18 building that is exempt from taxation, including the grounds
19 of, and the erection, equipment, remodeling, maintenance,
20 repair, or reconstruction of, and additions or extensions to,
21 such a building.

22 Sec. 3. Section 403.12, subsection 1, paragraph f, Code
23 2016, is amended to read as follows:

24 f. Cause Subject to the limitation in section 403.5,
25 subsection 2, paragraph "b", subparagraph (1), cause public
26 buildings and public facilities, including parks, playgrounds,
27 and recreational, community, educational, water, sewer or
28 drainage facilities, or any other works which it is otherwise
29 empowered to undertake to be furnished;

30 Sec. 4. Section 403.17, subsection 5, Code 2016, is amended
31 to read as follows:

32 5. "Blighted area" means:

33 a. For an urban renewal area established before the
34 effective date of this Act, an area of a municipality
35 within which the local governing body of the municipality

1 determines that the presence of a substantial number of
2 slum, deteriorated, or deteriorating structures; defective or
3 inadequate street layout; faulty lot layout in relation to
4 size, adequacy, accessibility, or usefulness; insanitary or
5 unsafe conditions; deterioration of site or other improvements;
6 diversity of ownership, tax or special assessment delinquency
7 exceeding the fair value of the land; defective or unusual
8 conditions of title; or the existence of conditions which
9 endanger life or property by fire and other causes; or any
10 combination of these factors; substantially impairs or arrests
11 the sound growth of a municipality, retards the provision of
12 housing accommodations, or constitutes an economic or social
13 liability and is a menace to the public health, safety, or
14 welfare in its present condition and use. A disaster area
15 referred to in [section 403.5, subsection 7](#), constitutes a
16 "*blighted area*". "*Blighted area*" does not include real property
17 assessed as agricultural property for purposes of property
18 taxation.

19 b. For an urban renewal area established on or after
20 the effective date of this Act, an area of a municipality
21 within which the local governing body of the municipality
22 determines that the presence of a substantial number of slum,
23 deteriorated, or deteriorating structures; insanitary or unsafe
24 conditions; deterioration of site or other improvements; or
25 the existence of conditions which endanger life or property by
26 fire and other causes; or any combination of these factors;
27 substantially impairs or arrests the sound growth of a
28 municipality, retards the provision of housing accommodations,
29 or constitutes an economic or social liability and is a
30 menace to the public health, safety, or welfare in its present
31 condition and use. A disaster area referred to in section
32 403.5, subsection 7, constitutes a "*blighted area*". "*Blighted*
33 *area*" does not include real property assessed as agricultural
34 property for purposes of property taxation.

35 Sec. 5. NEW SECTION. 403.18A Urban renewal area duration

1 — limitations.

2 1. An urban renewal area in existence on the effective date
3 of this Act for which an ordinance providing for a division of
4 revenue under section 403.19 was adopted before the effective
5 date of this Act and that is not limited in duration under
6 section 403.17, subsection 10, or section 403.22, subsection 5,
7 shall be subject to the duration limitation in subsection 2.

8 2. a. For an urban renewal area described in subsection 1,
9 the urban renewal area, including all applicable urban renewal
10 plans, projects, and ordinances providing for a division of
11 revenue, shall continue in effect under this chapter, until
12 such time that the urban renewal area is dissolved by the
13 municipality or until the urban renewal area terminates under
14 the conditions of this section, whichever occurs first. The
15 municipality may continue to incur or issue additional costs
16 or indebtedness for such urban renewal area, including loans,
17 advances, and bonds that qualify for payment from the special
18 fund created in section 403.19, on or after the effective date
19 of this Act and until dissolution or termination of the urban
20 renewal area.

21 b. (1) For an urban renewal area described in subsection
22 1 that is based on a finding that the area is an economic
23 development area and that no part contains slum or blighted
24 conditions, the urban renewal area, including all applicable
25 urban renewal plans, projects, and ordinances providing for a
26 division of revenue, shall terminate and be of no further force
27 and effect on July 1, 2036.

28 (2) For an urban renewal area described in subsection 1 that
29 is based on a finding that all or a part of the area contains
30 slum or blighted conditions, the urban renewal area, including
31 all applicable urban renewal plans, projects, and ordinances
32 providing for a division of revenue, shall terminate and be of
33 no further force and effect on July 1, 2041.

34 3. The department of management shall adopt rules pursuant
35 to chapter 17A necessary to implement and administer this

1 section.

2 Sec. 6. Section 403.19, Code 2016, is amended by adding the
3 following new subsection:

4 NEW SUBSECTION. 3A. a. Except as otherwise provided in
5 paragraph "b" or section 403.22, an ordinance providing for a
6 division of revenue under this section that is adopted on or
7 after the effective date of this Act shall be limited to twenty
8 years from the calendar year following the calendar year in
9 which the municipality first certifies to the county auditor
10 the amount of any loans, advances, indebtedness, or bonds that
11 qualify for payment from the division of revenue provided
12 for in this section. The urban renewal area, including all
13 applicable urban renewal plans, projects, and ordinances, shall
14 terminate and be of no further force and effect following the
15 twenty-year period provided in this subsection.

16 b. An ordinance providing for a division of revenue under
17 this section that is adopted on or after the effective date
18 of this Act for an urban renewal area that contains slum or
19 blighted conditions shall be limited to twenty-five years from
20 the calendar year following the calendar year in which the
21 municipality first certifies to the county auditor the amount
22 of any loans, advances, indebtedness, or bonds that qualify for
23 payment from the division of revenue provided in this section.
24 The urban renewal area, including all applicable urban renewal
25 plans, projects, and ordinances, shall terminate and be of no
26 further force and effect following the twenty-five-year period
27 provided in this subsection.

28 Sec. 7. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
29 immediate importance, takes effect upon enactment.

30 EXPLANATION

31 The inclusion of this explanation does not constitute agreement with
32 the explanation's substance by the members of the general assembly.

33 This bill relates to Iowa's urban renewal law.

34 The bill requires the annual report prepared by the
35 legislative services agency, in consultation with the

1 department of management, under Code section 331.403, to
2 contain a list of each county, city, or rural improvement zone
3 that filed an annual report for the most recently ended fiscal
4 year and each such entity's reported amount of loans, advances,
5 indebtedness, or bonds that remain unpaid at the close of the
6 fiscal year, and which qualify for payment from the special
7 fund created in Code section 403.19, including interest
8 negotiated on such loans, advances, indebtedness, or bonds.

9 The bill provides that urban renewal plans and urban
10 renewal projects approved on or after the effective date of
11 the bill shall not include the use of revenue resulting from
12 a division of taxes for a public building that is exempt
13 from taxation, including the grounds of, and the erection,
14 equipment, remodeling, maintenance, repair, or reconstruction
15 of, and additions or extensions to, such a building. The bill
16 also modifies provisions governing the use of such revenues
17 for public buildings for plans and projects approved before
18 the effective date of the bill to include the maintenance and
19 repair of such public buildings.

20 Code chapter 403 governs the criteria upon which an
21 urban renewal area may be established, which may include a
22 determination that an area is a "blighted area". The bill
23 establishes a definition of "blighted area" for those urban
24 renewal areas established on or after the effective date of
25 the bill. For such areas, "blighted area" means an area of
26 a municipality within which the local governing body of the
27 municipality determines that the presence of a substantial
28 number of slum, deteriorated, or deteriorating structures;
29 insanitary or unsafe conditions; deterioration of site or other
30 improvements; or the existence of conditions which endanger
31 life or property by fire and other causes; or any combination
32 of these factors; substantially impairs or arrests the sound
33 growth of a municipality, retards the provision of housing
34 accommodations, or constitutes an economic or social liability
35 and is a menace to the public health, safety, or welfare in

1 its present condition and use. In addition, a disaster area
2 under Code section 403.5, subsection 7, constitutes a "blighted
3 area". However, "blighted area" does not include real property
4 assessed as agricultural property for purposes of property
5 taxation.

6 New Code section 403.18A provides that an urban renewal
7 area in existence on the effective date of the bill for which
8 an ordinance providing for a division of revenue was adopted
9 before the effective date of the bill and that is not limited
10 in duration under Code section 403.17, subsection 10 (20 years)
11 or Code section 403.22, subsection 5 (10 years) shall be
12 subject to the duration limitations established in the bill.
13 For such an urban renewal area that is based on a finding that
14 the area is an economic development area and that no part
15 contains slum or blighted conditions, the urban renewal area,
16 including all applicable urban renewal plans, projects, and
17 ordinances providing for a division of revenue, shall terminate
18 and be of no further force and effect on July 1, 2036. If,
19 however, such an urban renewal area is based on a finding that
20 all or a part of the area contains slum or blighted conditions,
21 the urban renewal area, including all applicable urban renewal
22 plans, projects, and ordinances providing for a division of
23 revenue, shall terminate and be of no further force and effect
24 on July 1, 2041.

25 The bill provides that, except for a division of revenue
26 authorized for certain housing and residential development
27 under Code section 403.22, an ordinance providing for a
28 division of revenue that is adopted on or after the effective
29 date of the bill shall be limited to 20 years from the calendar
30 year following the calendar year in which the municipality
31 first certifies to the county auditor the amount of any loans,
32 advances, indebtedness, or bonds that qualify for payment from
33 the division of revenue, at which time the urban renewal area,
34 including all applicable urban renewal plans, projects, and
35 ordinances, shall terminate and be of no further force and

1 effect. If, however, the urban renewal area for which such
2 an ordinance is adopted contains slum or blighted conditions,
3 the division of revenue shall be limited to 25 years from
4 the calendar year following the calendar year in which the
5 municipality first certifies to the county auditor the amount
6 of any loans, advances, indebtedness, or bonds that qualify for
7 payment from the division of revenue.

8 The bill takes effect upon enactment.